

The Financial Times of Indiana

Budget News from the Office of Governor Frank O'Bannon

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The News in brief...

Governor to lawmakers: Let History be your guide in final days of Special Session

On a hot summer day 186 years ago this very week in a place soon to be called Indiana, 43 men gathered in Corydon to debate and discuss how best the new state could be governed.

Overheating in their meeting rooms, they took refuge under the branches of a nearby elm tree and together they wrote the state's first Constitution. No one today can recount each conversation or describe in detail the arguments that were surely a part of the discussion.

But we do know that these 43 Hoosiers overcame whatever differences they had because they produced a monumental document that each of them signed. And a new state was born.

The 50 men and women of the Indiana Senate who will meet next week to debate House Bill 1001ss did not have to seek the shade of Statehouse trees to escape the summer heat. But they did debate and discuss the best way to address the two issues that have kept them meeting longer than expected this year: the budget crisis and the need to restructure Indiana's taxes.

As a result of actions taken by the Senate Finance Committee, HB 1001ss has been vastly edited. If the bill clears the full Senate in this form, it must be returned to the House of Representatives for another floor vote on the revised bill. If all the changes are not acceptable to the House, the bill will be assigned to Conference Committee for further negotiation before a final vote would be taken.

Governor O'Bannon describes the changes to the bill as a routine part of the legislative negotiation process and has pledged to work with the final negotiators to get the bill in a form agreeable to a majority in both the House of Representatives and the Senate.

"The members of our General Assembly are faced with decisions that rival those made in our original state capital 186 years ago," the governor said. "It is completely understandable that getting to an agreement could take some time and would include some passionate debate. Our founding fathers certainly debated, but they also understood the importance of getting to a solution and making decisions that allowed our territory to grow into a great state. I hope our leaders of today can maintain that same pointed focus."

What Others Are Saying ...



"The real problem is that Indiana, like nearly every other state, has been caught in the down-ward spiral created by the national business recession. The state must take whatever steps are necessary to stay afloat until the cycle turns around, and that is what House Bill 1001 addresses. We urge the Senate to approve a budget measure that can be reconciled with the House bill so that Indiana can remain solvent and so that Hoosier homeowners will not face crushing property tax burdens next year."
South Bend Tribune, 6-13-02

"The issues the legislature faces have been under discussion since last November. What was then a possible crisis is now full blown. Lawmakers have had time to learn what it will take to shape a consensus. They have just a few more days in this special session to bring it off."
Elkhart Truth, 6-11-02

"...One thing hasn't changed. The job of tax restructuring can't wait until 2003 with pinning the state's economic recovery to the mat for yet another year."

Lafayette Journal and Courier, 6-8-02

Budget News From Around the Nation



Lawmakers adjourn after accepting most of Ryan's budget cuts

Illinois state officials will close two prisons and two mental health facilities, cut about 3,300 state jobs, reduce money for public schools and fifth-year college students' financial aid to combat its deficit.

Some lawmakers suspect declining revenues will require further action, whether cuts or tax increases. Illinois' May revenues were \$224 million less than expected, and June revenues could fall \$100 million or more. The shortfalls will mean delaying more of this fiscal year's bills into the new fiscal year, a situation that could snowball into subsequent budget years if revenues continue to fall.

State leaders have struggled for months to agree on a budget that, for the first time since 1955, makes do with less tax money than the year before. Revenue for the current year is about \$1.5 billion less than experts had predicted, creating a huge budget hole for the coming year.

Eventually, lawmakers raised taxes on cigarettes and casinos, made deep spending cuts and gave Ryan authority to borrow \$750 million. But the Republican governor decided borrowing money was a bad idea and proposed the \$502 million in cuts instead.

The full story: <http://www.starnews.com/news/indianawire/>